



Federal Communications Commission
Washington, D.C. 20554

December 20, 2002

Mr. Gary Phillips
General Attorney & Assistant General Counsel
SBC Communications Legal Department
1401 I Street, N.W., Suite 1100
Washington, D.C. 20005

RE: Section 271 Compliance Review Program for California

Dear Mr. Phillips :

As you know, the Commission recently granted SBC's application to provide in-region interLATA toll service in California pursuant to section 271 of the Communications Act of 1934, as amended ("the Act"). *See In the Matter of Application by SBC Communications, Inc., Pacific Bell Telephone Company, and Southwestern Bell Communications Services Inc., for Authorization to Provide In-Region InterLATA Services in California*, WC Docket No. 02-306, FCC 02-330 (rel. December 19, 2002) ("Order"). The Enforcement Bureau ("the Bureau"), therefore, will now monitor SBC's continuing compliance with section 271 through the Section 271 Compliance Review Program. This program is based on a structured and systematic approach to compliance review and enforcement. The Bureau has assigned a team of auditors, attorneys, and other professional staff from the Investigations and Hearings Division ("Compliance Review Team" or "Team") to work with SBC through the duration of the review and to monitor SBC's performance in California. The primary team members responsible for this review are Gary Schonman, Attorney and Constance Hellmer, Auditor.

During the review, the Team will closely review SBC's performance in subject matter areas that the Commission has identified as areas of concern in the section 271 Order. In this regard, we have enclosed with this letter an attachment listing the specific performance measures and other areas about which the Commission expressed its concern in the Order. Although the Bureau will focus its review on these areas, it may also monitor other areas not noted by the Commission in the Order. Generally, the Bureau's review will occur in three phases.

Phase 1: The Phase 1 review will occur during the first six months following the section 271 grant. Within the next few days, a representative from the Bureau will contact SBC to schedule a planning meeting with SBC representatives and the Team overseeing the review. The purpose of this meeting is to provide SBC with the opportunity to participate in developing the Review Program and to assist the Bureau in selecting the type and format of information pertaining to SBC's performance that the Team will review. SBC should be prepared to discuss the areas of concern that the Commission noted in the 271 Order (also listed in the attachment to this letter) and to identify knowledgeable employees, applicable corporate records, and computer

systems related to these areas. Following this meeting, the Team will send a follow-up letter to SBC memorializing the discussions at the meeting and describing the information SBC is responsible for submitting to the Bureau approximately six months after the approval date (*i.e.*, June 19, 2003). The Team will also continue to monitor SBC's performance during Phase 1 through the monthly carrier to carrier performance reports the Commission's Order required SBC to submit.

Phase 2: The second phase will proceed similarly to the first but will occur during the second six-month period after the grant. Specifically, the Team will send another request for information to SBC. The information responsive to this request will be due at the end of this period (approximately December 19, 2003). At that time, the Bureau will require SBC to update information it already submitted and to provide additional information concerning its continuing performance in California. Also, as in Phase 1, the Team will continue to monitor SBC's performance through the carrier to carrier reports. The Team will not limit its review in Phase 2 to performance data or information from only the second six-month period; rather, when evaluating the need for any further action, the Team will consider all of the post-authorization data and information.

Phase 3: The third phase of the review will begin after SBC submits the information the Team required in Phase 2 and will consist of less formal contacts and inquiries by the Bureau.

At any time during this review, the Team may ask SBC to provide additional information or to attend additional meetings with SBC employees who have expertise in specific subject matters. These additional inquiries may supplement existing requests or may encompass new inquiries.

Finally, SBC should provide to the team at the initial meeting during Phase 1 the names and contact information of employees who are authorized to respond to requests for information on behalf of the corporation. If you have any general questions concerning the issues raised in this letter, please feel free to contact me at (202) 418-1420. You may also contact William Davenport, Assistant Chief, Investigations and Hearings Division at (202) 418-1034 or Trent Harkrader, Section 271 Compliance Review Program Team Leader at (202) 418-2955. Thank you in advance for your cooperation.

Sincerely,

Maureen F. Del Duca
Deputy Chief, Investigations and Hearings Division
Enforcement Bureau

Cc: Becky Sparks
Executive Director – Federal Regulatory